

RETIREMENT NEWS

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS

SJP • MARCH 2015

Should You Repay a Refund?

For School plan members, one of the main variables that determines the amount of your monthly retirement benefit is your total years of service credit. Simply stated, the more years of service credit you have accumulated, the larger your monthly retirement benefit!

If you terminate employment and take a refund, you forfeit your years of service credit and terminate membership in the plan. If, at a later date, you are rehired at a participating employer and resume plan participation, you will begin accruing *new* years of service, but those *prior* years of service were erased when you took the refund. Repaying the refund provides an opportunity to restore those “lost” years of service, thereby increasing the amount of your monthly benefit at retirement. In

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NPERS

Nebraska Public Employees Retirement Systems

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RETIREMENT NEWS

Editor: **John Winkelman**
Asst. Editor: **Angela Hatcher**

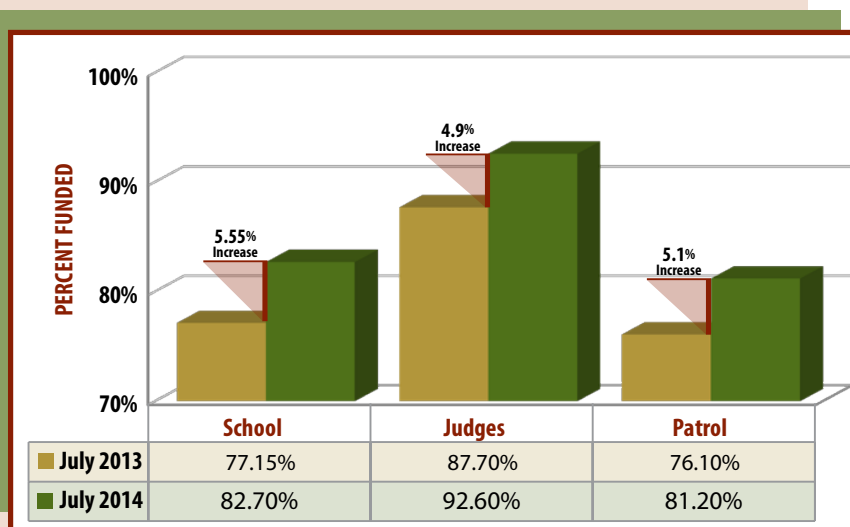
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800-245-5712
npers.ne.gov

Funded Status Shows Increases for All Three Retirement Plans

Annually, our office contracts an actuarial valuation with a private sector firm for the Nebraska School, Judges, and Patrol retirement plans. These valuations are completed on a fiscal year basis with the actuarial report issued in the fall. At the November joint meeting of the Public Employees Retirement Board and the Nebraska Investment Council, the 2014 actuarial reports were presented by Cavanaugh Macdonald Consulting, LLC.

Thanks in part to strong investment performance; the 2014 actuarial valuation found improved funded ratios for all three plans. As of July 1, 2014, the Judges plan funding increased to 92.6%, the School plan increased to 82.7%, and the State Patrol plan increased to 81.2%.

Copies of the annual actuarial reports may be found on the Publications/Videos page on the NPERS website.



PERB News

At the January 20th meeting, the Nebraska Public Employees Retirement Board (PERB) reelected Denis Blank to serve as Chair, Richard Wassinger as Vice-Chair, and Phyllis Chambers as Secretary for the 2015 calendar year. Mr. Blank was appointed to the PERB in 2001 as a State Plan representative, and prior to his retirement was the Chief Administrator at the Nebraska Department of Agriculture. Mr. Wassinger was initially appointed to the PERB in 2006 as the County Plan representative and has served as the Cass County Treasurer since August 1, 1983.

PERB member Randall Rehmeier has been appointed by Governor Ricketts to the Nebraska Board of Parole and has subsequently announced his resignation from the PERB. Originally appointed in 2010, Judge Rehmeier served in many capacities on the PERB, including the Assumed Rate Committee, the Education and Retreat Committee, and assisted with the hiring process for NPERS' legal counsels. A replacement Judges plan member has not yet been appointed.



Randall Rehmeier

On January 1, 2015, the terms of board members Stuart Simpson, Denis Blank, and Dennis Leonard expired. Stuart Simpson has opted to not seek nomination to another term. Mr. Simpson is the district business manager for North Platte Public Schools and joined the PERB in 2012. A replacement school plan member has not yet been appointed. Denis Blank and Dennis Leonard will continue to serve on the PERB until they are reappointed or new members are appointed by Governor Ricketts.



Stuart Simpson

NPERS would like to thank Stuart Simpson and Judge Rehmeier for their years of service to the board. We wish them well in their future endeavors.

2014 NPERS

Employees of the Year

The Nebraska Public Employees Retirement Systems is pleased to announce our Employees of the Year for 2014, Dean Gress and Melissa Mendoza.

Dean Gress

EMPLOYEE OF THE YEAR

Dean works for our Information Technology (IT) department as a Senior IT Applications Developer. He joined the NPERS team in 1986 and has been on our staff for a total of 28 years. His duties encompass a wide variety of IT related tasks involving hardware and software support for our data management and retirement processing system. Dean also assists with network support and reoccurring annual tasks such as cost of living adjustments and year-end tax statements.



Melissa Mendoza

EMPLOYEE OF THE YEAR

Melissa began her career at NPERS on April 20, 1999. She has worked at several different positions during her 15 years of employment. She initially was hired as an Office Clerk II and has steadily advanced to her current position of Retirement Specialist II in the NPERS Benefits department. Melissa is responsible for auditing refunds for all the plans we administer. In addition, she makes any necessary adjustments to vesting for rehired State and County employees and calculates annuities for State and County retirees.



Thanks to Dean and Melissa for their many years of hard work and dedication to our members. Congratulations!

A photograph of the Nebraska State Capitol building, a large, ornate, light-colored stone structure with a central dome and arched windows. The building is set against a clear blue sky. The year '2015' is overlaid in large orange numbers on the left side of the image.

2015

LEGISLATION

The 104th Legislature, first session, convened on January 7, 2015 for a 90-day session that will end on June 5. During the first ten days allotted for introducing new legislation, the following new bills that would impact the School, Judges, and Patrol retirement plans were introduced.

Provisions may be amended during the legislative session and some bills will not advance out of committee or be passed by the legislature. Please refer to the Legislation page of the NPERS website for updates and progress as the session continues. The results of the 2015 session will be reported in the September newsletter.

LB 40

County, Judges, School, Patrol, and State Plans

LB 40 was introduced at the request of the Nebraska Public Employees Retirement System. It grants the Public Employees Retirement Board the authority to investigate irregularities in retirement benefit payments.

The PERB shall have the power to compel the attendance of witnesses and the production of books, papers, records, and documents; and issue subpoenas. Such subpoenas shall be served in the same manner and have the same effect as subpoenas from district courts.

LB 236

All Plans

LB 236 would provide for attachment or garnishment of retirement benefits when a plan member is convicted of or pleads no contest to a felony or misdemeanor and is subsequently found liable for civil damages. The bill would exempt from garnishment any benefit or annuity payments "reasonably necessary for the support of the member or any of his or her beneficiaries." The legislation would apply to persons convicted and found liable for civil damages prior to, on, or after the effective date of this act. If the conviction is reversed, all benefits paid as civil damages would be forfeited and returned to the member.

LB 448

School Plan

LB 448 proposes to transfer members of the Class V (Omaha) School Retirement plan into the Nebraska Public School Retirement plan.

LB 467

Patrol Plan

LB 467 proposes Patrol members who elect to participate in the DROP option on or after 7/1/2020 would be required to make contributions to retirement while enrolled in DROP.

In addition, the bill would create a second tier of benefits for members joining the Nebraska State Patrol plan on or after 7/1/2015. This benefit tier would mirror the current plan with the following exceptions:

Individuals participating in "Tier Two" would contribute 18% of salary and the employer would match contributions at 100%.

Monthly retirement benefits for Tier Two members would be calculated using their five highest 12-month periods of salary.

The 60% purchasing power cost of living adjustment provision is removed for Tier Two participants. Cost of living adjustments to retirement payments would be capped at 1%. If the annual actuarial study finds sufficient funding, the retirement board may issue a supplemental COLA.

The bill contains an emergency clause and would take effect when passed and approved according to law.

LB 468

Judges Plan

LB 468 proposes a second tier of benefits for members joining the Nebraska Judges plan on or after 7/1/2015. This benefit tier would mirror the current plan with the following exceptions:

Individuals participating in "Tier Two" who elect the enhanced Joint and Survivor spousal benefit would contribute 9% of salary. Individuals who opt not to elect the enhanced spousal benefit would contribute 7%.

Monthly retirement benefits for Tier Two members would be calculated using their five highest 12-month periods of salary.

The 75% purchasing power cost of living adjustment provision is removed for Tier Two participants. Cost of living adjustments to retirement payments would be capped at 1%. If the annual actuarial study finds sufficient funding, the retirement board may issue a supplemental COLA.

The bill contains an emergency clause and would take effect when passed and approved according to law.

LB 602

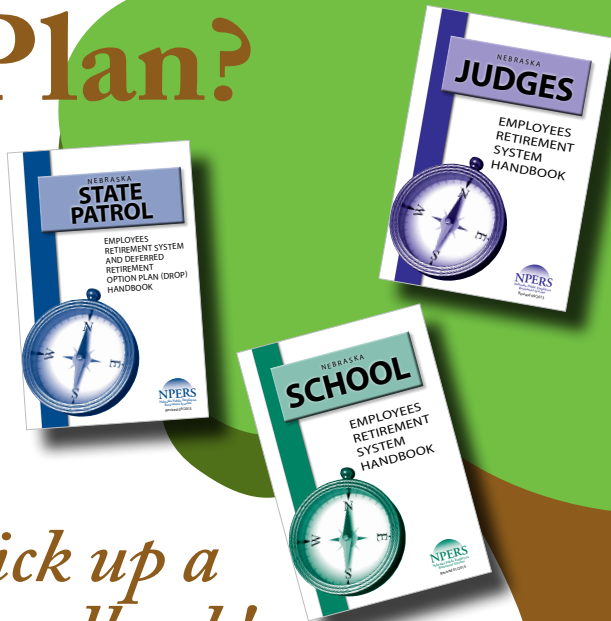
Judges Plan

LB 602 proposes to increase the court fee assessed for the Nebraska Retirement Fund for Judges from \$6 to \$8, beginning July 1, 2015. This bill would also add this fee to pretrial diversion programs.

Amendment AM 308 (pending as of the date of this publication) would remove the original language in the bill increasing the fee from \$6 to \$8.

The bill contains an emergency clause and would take effect when passed and approved according to law.

Questions About Your Retirement Plan?



*Pick up a
handbook!*

**NPERS handbooks offer a wealth
of information for plan members,
including the following topics:**

- ◆ Member Benefits
- ◆ Beneficiary Designations/
Death Benefits
- ◆ Reemployment
- ◆ Payment Options
- ◆ Taxation of Benefits
- ◆ Fees
- ◆ Vesting

**All handbooks are available in PDF format
on the Publications/Videos page on the
NPERS website.**

npers.ne.gov

SCHOOL HANDBOOK REVISED!

The member handbook for the School Retirement plan has been revised. The new revision date is 1/2015. View it on our website today!

403(b) & 457 CONTRIBUTION LIMITS

The IRS recently announced the 2015 contribution limits for 403(b) and 457 (Deferred Compensation) retirement plans. For both plans, the standard yearly maximum contribution will increase to \$18,000. Individuals age 50 or older may contribute an additional \$6,000 using the *Age 50 Catch-up provision*, increasing their total limit to \$24,000.

School employees who have completed 15 or more years of service in the same school district and have contributed, on average, less than \$5,000 a year to their 403(b) may be able to contribute more under the Lifetime ("Long Service") Catch-up provision. This allows eligible 403(b) participants to contribute up to an additional \$3,000 per year up to a lifetime maximum of \$15,000.

FOR TAX YEAR 2015

Standard maximum contribution.....	\$18,000
If you qualify for the \$3,000 Lifetime Catch-up ...	\$21,000
If you qualify for the Age 50 Catch-up	\$24,000
If you qualify for BOTH the Age 50 and the Lifetime Catch-up*	\$27,000

*The first \$3,000 of contributions in excess of the standard \$18,000 limit will apply to the Lifetime Catch-up and reduce the \$15,000 Lifetime Catch-up limit. For more information on 403(b) limits, please refer to [IRS publication 571](#).

State Patrol employees and Judges participating in Deferred Compensation (DCP) may be able to contribute more using the *Three-Year Catch-up provision*. This provision allows members who did not defer the maximum amount in prior years to contribute up to a maximum of \$36,000. The Three-Year Catch-up is allowed once, within three years of anticipated retirement, and cannot be implemented at the same time as the Age 50 provision or during the calendar year the member elects to retire.

FOR TAX YEAR 2015

If you're under age 50	\$18,000
If you qualify for the Age 50 Catch-up	\$24,000
If you qualify for the Three-Year Catch-up	\$36,000

State Patrol and Judges who would like to participate in the State DCP can access the enrollment form on the NPERS website under "Forms." This form should be submitted to your agency payroll or HR rep so they can set up the payroll deduction. Enrollments are effective beginning the calendar month following receipt of the form.

NPERS does not administer 403(b) plans. School employees who wish to participate in a 403(b) should contact their HR department for plan and enrollment information.

Steps to Repay a Refund

Contact NPERS in writing to request an official refund repayment estimate. NPERS will calculate an estimated cost and send you the Application for Purchase of Refunded Service and Method of Payment forms.

Complete and submit the Application for Purchase of Refunded Service and Method of Payment forms to NPERS. Be aware this will be your one-time opportunity to elect repayment. NPERS will assign a payment due date and calculate a final cost based on the repayment option you selected. You will be notified by mail of this amount and the due date.

Payment must be received in our office by the due date. Please be aware of the submission and payment time frame restrictions as outlined in the companion article in this newsletter.

Methods of Payment to the Plan

You may make payment to the Plan through after-tax direct payments or installment payments, pre-tax payroll deductions or rollover payments. Payment options may be restricted in order to satisfy statutorily mandated deadlines. You may make a lump sum payment using a cashier's check.

As payment, you may use a rollover from another qualified 401(a) plan [including a 401(k) plan], a 403(a) or (b) Tax Sheltered Annuity Account, a 457(b) Eligible Deferred Compensation Plan or a 408(a) Individual Retirement Account. You may also use a trustee-to-trustee transfer from a qualified 457 deferred compensation plan or a 403(b) tax-sheltered annuity.

1 Request (in writing) official refund repayment estimate.

2 NPERS calculates estimated cost and sends **Application for Purchase of Refunded Service and Method of Payment** forms.

3 Submit completed forms to NPERS.

4 NPERS notifies you by mail of payment due date and final cost based on selected repayment option.

5 Send payment to NPERS prior to due date.

Should You Repay a Refund? (cont'd from page 1)

addition, if you were previously a *Tier One* member who was rehired on or after 7/1/2013, you would return as a *Tier Two* member. Repaying the refund *in full* restores you to Tier One status.

Repaying a refund is the most cost effective option to increase your years of service but be aware... the longer you delay repayment – the higher the price! Repayment costs are calculated based on the amount of the refund and the actuarial assumed rate of return that would have been earned from the time the refund was taken *until it is repaid*.

You may *estimate* the cost using the refund repayment table found on the “[Plan Info – School](#)” page on the NPERS website. To use this table, you need to know the gross amount of the refund and the year it was issued. If you are unsure of this information, contact our office and we can assist you. Locate the year you took the refund on the table and multiply the gross amount of your refund by the factor for that year. The final cost of repayment will be determined by NPERS upon receipt of a completed application to repay the refund. Additional finance charges will apply for individuals making payments over time.

Please be aware there are limited time frames when you may repay a refund. Legislation passed in 2014 provides members who were actively employed and participating in the plan on April 17, 2014, a deadline of April 16, 2020, to submit an application and repay a refund. For these individuals, repayment must be completed no later than April 16, 2020, or termination, whichever is earlier. Members rehired after April 17, 2014, have five years from their date of reemployment to submit an application and repay a refund. Only individuals who are actively employed at a participating school and contributing to the plan are eligible.

Please refer to the companion article in this newsletter for more details and the steps to repay a refund. Additional information on service credit and repaying a refund is also available in the plan handbooks on the NPERS website.

2015 RETIREMENT PLANNING SEMINARS

The 2015 Retirement Planning seminar season has begun. Seminars will be held across the state beginning March 10 and ending on June 25. Enrollment forms have already been mailed and are also available on the NPERS website. Click on the "Retirement Seminars" link on the left side of the homepage and then scroll down to the "School Schedules" link. The online enrollment form can be completed using your keyboard, then **printed off and mailed** along with the appropriate registration fee(s) to NPERS.

School plan members age 50 and over are entitled to receive leave with pay to attend *up to two* Retirement Planning seminars (paid leave limited to once per fiscal year). Members may bring one guest. The fee to attend is \$20 per person. Non-members or an additional guest may attend for \$30 per person.

Check-in on the day of the seminar begins at 8am. Please—no early arrivals. Seminars begin promptly at 8:30.

DID YOU GET YOUR REGISTRATION?

If you are a School Plan member age 50 or over, you should have received your registration form in the mail.

If you misplaced your registration form, please visit

npers.ne.gov

to print off a new form.



NPERS
Nebraska Public Employees
Retirement Systems
P.O. Box 94816
Lincoln, NE 68509
85-28-51

2015 SCHOOL SEMINAR SCHEDULE

PLEASE NOTE that there are attendance limits depending upon location. Some sessions **WILL** fill up. Those who delay in submitting a registration may be unable to attend their preferred session.

LA VISTA

MAR 10 (Tu) MAY 7 (Th)
MAR 11 (W) JUN 11 (Th)
MAR 12 (Th) JUN 18 (Th)
FULL!

LINCOLN

MAR 17 (Tu) MAY 6 (W)
MAR 18 (W) JUN 4 (Th)
MAR 19 (Th) JUN 10 (W)
FULL! JUN 25 (Th)

COLUMBUS

FULL!

GRAND ISLAND

FULL! JUN 24 (W)

KEARNEY

MAR 26 (Th) JUN 3 (W)

NORFOLK

APR 9 (Th) JUN 17 (W)

VALENTINE

APR 15 (W)

NORTH PLATTE

APR 16 (Th) MAY 28 (Th)

SCOTTSBLUFF

APR 29 (W) APR 30 (Th)

RETIREMENT NEWS

FOR NEBRASKA SCHOOL, JUDGES, AND STATE PATROL RETIREMENT PLAN MEMBERS

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS

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